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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

June 24, 1981

B-202251

The Honorable William V. Roth, Jr.
Chairman, Committee on Governmental
Affairs
United States Senate

Dear Mr. Chairman:

Your letter of February 9, 1981, requested our [comments on S. 61], a bill which provides for a reduction in Federal travel and consultant costs and improved Federal debt collection operations.

Debts owed the Federal Government are enormous and growing each year. Federal agencies have reported that the amount of receivables due from U.S. citizens and organizations totalled \$139 billion at the start of fiscal year 1981--a 36-percent increase in the last 2 years. Expected losses on these receivables were estimated at \$7.6 billion. Also, at the start of fiscal year 1980, the agencies reported that \$24 billion due from U.S. citizens and organizations was delinquent--\$13 billion of which was unpaid taxes. Unfortunately, these gloomy statistics may be materially understated because the accounting systems of many agencies do not provide accurate information on receivables, expected losses, and writeoffs.

In a March 30, 1981, report to the House Budget Committee (PAD-81-69), we estimated that as much as \$6.7 billion in delinquent nontax debts could be collected by the Government in future fiscal years if Federal agencies were given the necessary debt collection tools and took aggressive collection action. Of this amount, we estimated that as much as \$3.5 billion could be collected during fiscal year 1982 to 1984. Savings of this magnitude, however, can only be achieved through a sustained high priority, high intensity effort to put in place much stronger policies, procedures, and systems and to operate them aggressively once they are installed. Prompt legislative and administrative action will be required.

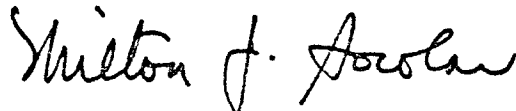
On April 23, 1981, we testified before your committee on the detailed legislative actions needed for improved debt collection management by the Federal Government. A copy of this testimony is enclosed. Many of the actions we discussed are included in S. 61. We also testified on a similar bill, S. 3160 (96th Congress), before your committee on November 19, 1980.

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The President acted in January 1981 to reduce Federal agencies' use of consultants by about 5 percent and reduce travel costs by about 10 percent. These administrative actions will result in fiscal year 1981 reductions of about \$400 million--\$100 million in consultant costs, and \$300 million in travel costs.

We continue to be concerned about imposing unrealistic limitations on the use of program funds for one particular purpose, such as travel. Program managers will comply with arbitrary limits because they have to; however, they are also responsible for meeting their program objectives and may thus use other methods that require less travel but are also less satisfactory. For example, they may make greater use of routine reports to measure military unit readiness rather than send military teams to perform onsite readiness inspections; the former method may be less effective and efficient from the program standpoint. In the long run, this could cost more, and it might not give managers the same insights and firsthand experience that can make them better informed and more effective in carrying out their responsibilities. We would prefer to have OMB, other Government agencies, and the Congress focus on desirable program levels through the executive and legislative budget processes. This is better than their focusing on one program aspect, such as travel or consultant costs, completely out of the context of program objectives.

Sincerely yours,



Acting Comptroller General
of the United States

Enclosure